

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 107673

ORIGIN TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 CIAE-00 COME-00

FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01

OIC-02 DOE-15 SOE-02 /108 R

DRAFTED BY TREAS:I/IDN:J.SWEENEY

APPROVED BY ARA/ECP:SHROGERS

TREAS:I/IDN:F.MARESCA

ARA/AND: AALLITTO

-----084715 281224Z /13

R 271920Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY QUITO

INFO AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE STATE 107673

E.O. 11652: N/A

TAGS: EFIN, EAID, EC

SUBJECT: BILATERAL WITH ECUADOR AT IDB MEETING

1. AT U.S. REQUEST, U.S. DELEGATION REPS ARELLANO (STATE), VALDEZ (AID) AND DUNGAN (EXECUTIVE DIRECTOR IDB) MET WITH PLANNING AND ECONOMIC COORDINATION PRESIDENT SWETT IN VANCOUVER ON APRIL 18. PURPOSE OF THE MEETING WAS TO DISCUSS ECUADOR'S ECONOMIC DEVELOPMENT STRATEGY.

2. SWETT GAVE DETAILED DISCOURSE ON THE ECONOMIC AND POLITICAL SITUATION IN ECUADOR. HE INDICATED THAT THE GOE IS FORMULATING A NEW AND EXPANDED DEVELOPMENT STRATEGY DUE TO INCREASED PETROLEUM REVENUES. PRIORITY AREAS INCLUDE ENERGY, TRANSPORTATION, AND SOCIAL PROJECTS AND PUBLIC
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 107673

INVESTMENT WILL BE SEVERAL TIMES LEVELS PLANNED SEVERAL YEARS AGO. ALSO EXTERNAL DEBT HAS INCREASED RAPIDLY AND SERVICING THIS DEBT WILL ABSORB 18 PERCENT OF EXPORT REVENUES VERSUS ONLY 5 PERCENT IN THE EARLY 1970S. THIS IS A PRODUCT OF THE ECONOMIC EVOLUTION OF THE COUNTRY AND PART OF THE DEVELOPMENT PROCESS. FINALLY, THE GOE IS WORKING ON A LAND REDISTRIBUTION PROGRAM BUT SO FAR IT IS

NOT ADVANCED ENOUGH TO ENSURE ADEQUATE LAND REDISTRIBUTION
OR INCREASED PRODUCTION.

3. ON INTERNAL PRICES FOR PETROLEUM PRODUCTS SWETT INDICATED THAT HE RECOGNIZED NEED FOR PRICES WHICH REFLECTED ECONOMIC REALITIES BUT THERE WERE PROBLEMS. HE CITED THE RECENT INCREASE IN BUS FARES FROM 1 SUCRE TO 1.40 SUCRES WHICH HAD PRECIPITATED RIOTING AND SEVERAL DEATHS. NEVERTHELESS HE FELT THAT OTHER MEASURES TO BE TAKEN THIS YEAR, SUCH AS INCREASES IN PREMIUM GAS PRICES AND HIGHER TARIFFS ON AUTOMOBILES COULD BE EFFECTIVE.

4. AS TO THE POLITICAL SITUATION SWETT INDICATED THAT ECUADOR SOON WOULD RETURN TO A CONSTITUTIONAL GOVERNMENT. ELECTIONS ARE SLATED FOR JULY 16 AND THE CHANGE OF POWER SHOULD OCCUR AT YEAR END 1978 OR EARLY 1979.

5. U.S. DELEGATION NOTED THAT ECUADOR'S DEVELOPMENT POTENTIAL IS IMPRESSIVE AND URGED RATIONALIZATION OF PRICES FOR PETROLEUM PRODUCTS. THEY ALSO REFERRED TO PRESIDENT CARTER'S DISCUSSIONS WITH PRESIDENT POVEDA AND REAFFIRMED U.S. SUPPORT FOR CONTINUED ECONOMIC ASSISTANCE FOR ECUADOR. FURTHERMORE, THE U.S. IS AWARE OF THE ECONOMIC AND POLITICAL DIFFICULTIES IN FORMULATING A DEVELOPMENT STRATEGY. HOWEVER, IF ECUADOR WANTS CONTINUED ACCESS TO FSO FUNDS THERE MUST BE A SYSTEMATIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 107673

ATTACK ON THE COUNTRY'S ECONOMIC PROBLEMS. MOREOVER, IN ORDER TO ASSURE CONTINUED STRONG U.S. SUPPORT, MORE TANGIBLE EVIDENCE ON PROJECTS MUST BE FORTHCOMING IN TERMS OF TIMETABLES AND RESULTS.

6. U.S. ALSO RAISED COCAINE ISSUE AND INDICATED THAT IT COULD BECOME A SERIOUS BILATERAL PROBLEM. ECUADOREANS AGREED AND PROMISED TO RAISE QUESTION AT THE HIGHEST LEVELS IN THEIR GOVERNMENT. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, DEVELOPMENT BANKS, MEETINGS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE107673
Document Source: CORE
Document Unique ID: 00
Drafter: I/IDN:J.SWEENEY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780182-0123
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978049/aaaaagxk.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e5ffedb5-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3065762
Secure: OPEN
Status: NATIVE
Subject: BILATERAL WITH ECUADOR AT IDB MEETING
TAGS: EFIN, EAID, PINT, ECON, EC, US, IDB
To: QUITO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e5ffedb5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014